



شركة الجرافات  
البحرية الوطنية  
NATIONAL MARINE  
DREDGING COMPANY



# Corporate Governance Report 2020



## Contents

<b>1. INTRODUCTION</b>	5
<b>2. CORPORATE GOVERNANCE PRACTICES</b>	6
2.1. Corporate Governance Rules	6
2.2. Corporate Governance Structure	7
2.3. Disclosure Practices	7
2.4. Delegation of Authority	8
2.5. Code of Business Conduct and Fraud Control Policy	8
2.6. Director's Induction Policy	9
2.7. Share Dealing Policy	9
2.8. Follow-up & Supervision Committee	9
2.9. Transactions in Company's Securities by Board Members	10
<b>3. BOARD OF DIRECTORS</b>	11
3.1. Role of the Board	11
3.2. Composition of the Board	12
3.3. Representation of Female Members in the Board of Directors	13
3.4. Director's Qualification and Experience	13
3.5. Directors Remunerations	14
3.6. Board of Directors Meeting	15
3.7. Board Secretary	15
3.8. Duties and Competencies of the Board performed by Executive Management	16
3.9. Dealing with Other Concerned Parties	16
3.10. Executive Management	17
<b>4. EXTERNAL AUDITORS</b>	19
4.1. Appointment of External Auditors	19



4.2. External Auditors Independence	19
4.3. External Auditors Fees	19
4.4. Services received from other External Audit Firms	20
4.5. Qualified Opinion of External Auditors	20
5. BOARD COMMITTEES	21
5.1. Audit Committee	21
5.2. Nomination & Remuneration Committee	23
5.3. Technical Committee	23
5.4. Strategy Committee	24
6. INTERNAL CONTROL SYSTEM	25
6.1. System of Internal Control at NMDC	25
6.2. Independent Assessment of Internal Control System	25
6.3. Risk Management	27
6.4. Ethics and Compliance	27
6.5. Quality, Health, Safety and Environment	27
7. COMPANY'S CONTRIBUTION	29
7.1. Corporate Social Responsibility Initiatives	29
7.2. Contribution to Local Community Development	29
7.3. Contribution to Environment Protection	30
8. GENERAL INFORMATION	32
8.1. Monthly Price of the Company's share as compared to General and Sector Index	32
8.2. Chart of the comparative performance of the Company share with General Index and Company's Sector Index	32
8.3. Breakdown of Ownership of NMDC Shares by Nationality and by Category as at 31 December 2020	33
8.4. Statement of the Company's Shareholders who own 5% or more of the Company's Capital as at 31 December 2020	33



<b>8.5. Breakdown of Ownership of Company Shareholders as at 31 December 2020</b>	33
<b>8.6. Statement of significant events encountered by the Company during 2020</b>	33
<b>8.7. Investor Relation Officer</b>	34
<b>8.8. Emiratization in 2020</b>	34
<b>8.9. Innovative projects and initiatives in 2020</b>	34
<b>8.10. Details of violations during 2020</b>	35



### 1. INTRODUCTION

National Marine Dredging Company (hereafter referred as "NMDC" or the "Company") is operating in an evolving global environment of diverse expectations, constant regulatory change, and increasing focus on stakeholder engagement and accountability. We acknowledge that the environment in which we operate provides challenges from a governance and regulatory perspective; however, we are confident that our commitment to adopting and complying with good corporate governance practices, and our culture and values will continue, as ever, to provide the group with a strong foundation that will enable the Board of Directors and the Company to meet these challenges going forward.

The purpose of this document is to report on the corporate governance framework at NMDC, in accordance with Resolution No. 3 of 2020 concerning Approval of Joint Stock Companies Governance Guide (hereafter referred as "Corporate Governance Guide") issued by the Securities and Commodities Authority (hereafter referred as "SCA") and as amended from time to time.

This report includes a discussion on the following:

1. Corporate Governance Practices - the principles of the Company's corporate governance framework and the approach the Company takes to the implementation of these principles;
2. Board of Directors (the Board) - the role of the Board in connection with the Company's corporate governance framework, the structure and composition of the Board, the terms of membership of the Directors including membership in other joint stock companies and details about their remuneration from the company;
3. Directors' Dealings in NMDC Securities - a description of the Company's share dealing policy, and the company's approach to ensuring that it complies with its disclosure obligations relating to Directors' dealings in NMDC securities;
4. External Auditors - a brief about the Auditor company, including a statement of the fees and expenses relating to auditing or other services provided by the Company's External Auditor, and their qualified opinion on the interim and annual financial statements;
5. Board Committees - a description of the composition, functions and responsibilities of the four Board Committees – Audit Committee, Nomination and Remuneration Committee, Strategy Committee and Technical Committee;
6. Internal Control System - a description of the Company's internal control system, and the Company's approach to comply with that system;
7. Company's Contribution – in development of local community and environment protection during the year 2020; and
8. General Information - other information requested by SCA, including price movement of Company's shares, breakdown of share ownership, statement of significant events encountered by the Company, innovative projects and initiatives, Emiratization percentage, investor relations and any corporate governance violations committed during 2020.



## 2. CORPORATE GOVERNANCE PRACTICES

### 2.1. Corporate Governance Rules

The Board of NMDC is committed to implementing strong corporate governance practices to a standard derived from amalgam of UAE guidelines and international best practices. Underpinning these legislative, regulatory and best practice requirements are NMDC's values and philosophies, which provide the framework against which we measure behavior and practices to assess the characteristics of good governance. Our values require that directors and employees act with integrity and conduct themselves to promote and maintain trust.

Sound corporate governance is therefore implicit in our values, culture, processes, functions and organizational structure. Structures are designed to ensure that our values remain embedded in all businesses and processes. We continually refine these structures and a written statement of values serves as our code of ethics. NMDC undertakes a frequent review of its strategic and operational environment, including communication with its stakeholders, in order to determine an appropriate balance, scope and sophistication of the corporate governance framework which is proportionate to NMDC's nature, size and complexity.

The corporate governance culture of NMDC is driven by:

- A well informed and effective Board to direct the Company's affairs and set its objectives;
- Clearly defined roles and responsibilities of the Board, its members, its committees, and key Company officers and executives;
- Selection of productive strategies and management of risks;
- Appropriate delegation and monitoring of responsibility and accountability to Management;
- Satisfying the interests of stakeholders through relevant and material disclosures;
- Ensuring compliance with all regulatory obligations;
- Ensuring that the Company's performance and financial reporting are properly directed and controlled through an effective internal control system;
- Engaging with the community; and
- Adopting high ethical standards and practices by the Company, its officers, and employees.

To achieve these aims, and to ensure compliance with the specific requirements of the Corporate Governance Guide issued by SCA, the Company has developed and implemented its Corporate Governance Manual, which contains policies on the following subjects:

- Board and Director Matters;
- Board Committees and their Charters;
- Delegation of Authority;
- Relationship with Shareholders;
- Company's Disclosure Obligations;
- Internal Control System;



- Engagement of Auditors;
- Code of Conduct; and
- Share Dealing Policy.

The Board is currently reviewing the Corporate Governance Guide and amendments in Federal Law No. 2 of 2015 concerning commercial Companies and will update the Corporate Governance Manual to align with these requirements.

The Board is responsible to the Company's shareholders for creating and delivering sustainable value through the management of the Company's businesses. Although day-to-day management of these businesses is delegated to the Management, the Board is responsible for providing strategic direction, management supervision and adequate controls with the ultimate objective of promoting the success and long-term value of the Company. The Board retains responsibility for the overall performance of the Company, and must ensure that Management strikes an appropriate balance between promoting long-term growth and delivering short-term objectives.

### 2.2. Corporate Governance Structure

Corporate Governance is the system by which the business of the Company is directed and controlled. The implemented corporate governance structure specifies the distribution of rights and responsibilities among different stakeholders within the Company, such as, the Board Chairman, Chief Executive Officer, Chief Officers, Managers and shareholders; and establishes the rules and procedures for making decisions on corporate affairs. The primary goal of the Company's corporate governance policy is to create and sustain value within the Company.

The Company believes that it is important that these principles of governance are made transparent to all the stakeholders and to safeguard their rights and promote their participation in the Company's corporate governance process.

The Board plays a central role in the Company's corporate governance framework. It is ultimately responsible for ensuring that the Company complies with its legal and regulatory obligations, the Company's Memorandum and Articles of Association, and its duties to shareholders. The Board is assisted in this process by various Board committees (particularly Audit Committee, Nomination and Remuneration Committee, Technical Committee and Strategy Committee), external and internal auditors, and company officers and employees (including the Chief Executive Officer, Chief Financial Officer, Head of Internal Control and other members of Management).

In addition to the Articles of Association and regulating laws, the NMDC Board has approved a wide range of charters, codes, policies and carefully defined business structures and processes in order to record their decisions and delegations, and regulate the operations and overview activities of the Company and its subsidiaries. The Board has also issued general principles of behavior and personal conduct for which all directors and staff are accountable as individuals and as a collective entity.

### 2.3. Disclosure Practices

The Company is committed to comply with all of its disclosure obligations, including to the SCA, the Abu Dhabi Stock Exchange (hereafter referred as "ADX") and to shareholders, so that trading in its shares can take place in an informed market. In 2020, the Company made regular disclosures to SCA and ADX including upcoming Board meetings and decisions, publication of Annual Report, Corporate Governance



Report and other announcements on key financial and/or operational matters/transactions, copies of which are generally available or updated on the Company's website.

### 2.4. Delegation of Authority

The Board bears ultimate responsibility for the operations of the Company, and within the provisions of the Articles of Association, UAE Companies Law and approved Corporate Policies and Procedures, the Board has the authority to delegate its powers to the committees and senior management.

The Board has approved revised Delegation of Authority in 2020. The revised Delegation of Authority outlines authority limits delegated by the Board to the executive committees, management and employees in order to run the Company's affairs and operations within the United Arab Emirates and overseas locations.

The Board has also delegated certain authority to its committees, being the Audit Committee, the Nomination and Remuneration Committee, the Strategy Committee and the Technical Committee, as defined within their Charters, and updates to which were approved in 2019.

### 2.5. Code of Business Conduct and Fraud Control Policy

The Company recognizes the importance of establishing and maintaining a set of core values and approaches to the process of doing business. The Company demands, and will maintain, the highest ethical standards in its business activities through a detailed Code of Business Conduct and Fraud Control Policies, which address the following areas:

- Compliance with Laws, Rules and Regulations;
- Personal Conduct;
- Standard of Conduct;
- Confidentiality and Intellectual Property Rights;
- Integrity and Conflicts of Interest;
- Competition and Fair Dealing;
- Corporate Opportunities;
- Protection and Proper Use of the Company's Assets;
- Environment and Community Service;
- Health and Safety;
- Reporting any Violations of the Code;
- Compliance Procedure; and
- Disclosure in Reports and Documents.

Company officers and employees are required to comply with these Codes in performing their duties.





## 2.6. Director's Induction Policy

The Company's policy on director induction requires all new Directors to participate in the Company's induction program. This program includes presentations by Management to familiarize new Directors with the Company's objective and strategic plans, business operations and activities, business units and departments, and principal officers and employees. The program aims at providing the information required to ensure that a new Director understands his/her duties and responsibilities under the applicable laws and regulations, the Company's corporate governance framework, and understands the Company's policies in its field of operations.

## 2.7. Share Dealing Policy

The purpose of the Company's share dealing policy is to ensure that the Company's Directors and employees (and their Connected Persons) do not deal or trade in securities issued by the Company or its subsidiary or sister companies based on undisclosed confidential information or in circumstances of conflict.

The Company's share dealing policy is that no Director or employee of the Company (or any subsidiary or other company controlled by the Company) may Deal in the Securities of the Company whilst they are in possession of any information which could affect the price of the Securities of the Company, where such information has not been disclosed to the ADX. Directors who are not in such possession may only deal in the securities of the Company with the prior written consent of the Chairman (or, in his absence, of the Vice-Chairman), whilst employees who are not in such possession may only do so with the prior written consent of the CEO (or, in his absence, the Company Secretary).

This policy does not avoid the need to obtain the consent of the ADX Board of Directors before trading in the Company's Securities, and does not permit any Director or employee to Deal in the Securities of the Company during any Blackout Period, as defined Company's Corporate Governance Manual. This policy is also in addition to, and does not avoid the legal requirement to comply with, any applicable laws or regulations. Directors and employees remain personally liable for their non-compliance with any applicable laws and regulations.

## 2.8. Follow-up & Supervision Committee

The Follow-up & Supervision Committee has responsibility for the Register of Insiders including monitoring, follow up, supervising and managing the dealings of all Insiders, registering their dealings and ownership in the Register and to communicate and report to ADX regularly on all such matters.

The Follow-up & Supervision Committee comprises of the following members:

Name	Position	Designation
Mr. Kashif Nawaz Shaikh	Head of Internal Control	Committee Head
Mr. Mohammed Al Falahi	Purchasing Manager	Committee Member
Mr. Khaled Shalati	Investor Relation Officer	Committee Member

Mr. Kashif Nawaz Shaikh acknowledges his responsibility for the follow-up & supervision system on transactions of the insiders in the Company, review of its work mechanism and ensuring its effectiveness.



The Committee in 2020 regularly reviewed and updated the Register of Insiders. Further, in line with ADX regulations and NMDC Corporate Governance Manual, notifications were communicated to Insiders for blackout periods. There was no trading conducted by Insiders during year 2020.

### 2.9. Transactions in Company's Securities by Board Members

The Board and the individual Directors, as well as Company Management understand their obligations with respect to disclosure requirements, in connection with their dealings in NMDC securities and are compliant with all requirements set by SCA and ADX.

The table below provides details of dealing in NMDC securities and balances as at 31 December 2020, by current Board Members and their wives, sons and daughters.

Name	Position/ Relationship	Shares Held as at 31/12/2020	Total Sale Transactions	Total Purchase Transactions
Mr. Abdul Ghafar Abdul Khaleq Al Khouri	Member	5,999,999	-	-
	Son	3,199	-	-
	Son	3,199	-	-
	Son	3,199	-	-
	Son	3,199	-	-
	Daughter	3,199	-	-
Mr. Rubaya Mohamed Abdul Aziz Rubaya Al Muhairy	Member	201,893	-	-
Mr. Mohamed Ahmed Al Qamzi	Wife	53,999	-	-
Mr. Majed Ahmed Omar Al- Kurbi	Member	5,290,699	170,000	-



### 3. BOARD OF DIRECTORS

#### 3.1. Role of the Board

The Board is responsible to the Company's shareholders for creating and delivering sustainable value through oversight of the Company's business. In particular, the Board is responsible for providing strategic direction, management supervision and adequate controls, with the objective of promoting success and long-term value of the Company, and is accountable for performance and affairs of NMDC.

The Board also plays a central role in the Company's corporate governance framework. The Board has adopted a Corporate Governance Manual, which provides a framework of how the Board operates as well as the type of decisions to be taken by the Board and which decisions should be delegated to Management. The Board is ultimately responsible for ensuring that the Company complies with its legal and regulatory obligations, the Company's Memorandum and Articles of Association, and its duties to shareholders.

The following is a list of some of the key specific responsibilities of the Board:

- Taking the necessary procedures to ensure compliance with applicable laws, regulations, resolutions and requirements of the regulatory authorities.
- Approval of the strategic approaches and main objectives of the Company, and supervising implementation thereof.
- Taking the steps sufficient to ensure efficient internal control of the work flow in the Company
- Establishing an internal control department to follow up compliance to the applicable laws, regulations, and resolutions, requirements of the regulatory bodies, and the internal policy, rules, and procedures set by the Board of Directors.
- Setting written procedures to regulate conflict of interests and deal with potential cases of such conflict for Board members, the senior executive management, and shareholders, and setting the procedures to be taken in cases of misuse of the Company's assets and facilities or misconduct resulting from transactions with Related Parties.
- Ensuring soundness of administrative, financial, and accounting rules, including the rules related to preparation of financial reports.
- Ensuring the use of appropriate regulatory systems for risk management by outlining potential risk and discussing it with transparency.
- Setting clear and precise standards and procedures for Board membership and putting them in force subsequent to approval of the general assembly.
- Setting a clear authorization policy in the Company to determine authorized persons and the powers assigned to them.
- Setting a policy that regulates the relationship with stakeholders in a manner that ensures the Company's fulfilment of its obligations towards them, preserving their rights, providing them with required information, and establishing sound relations with them.
- Setting code of conduct for Board members, employees, auditor, and persons assigned some of the Company's works.
- Setting procedures to apply governance rules in the Company, review of such procedures, and assessment of compliance thereto on annual basis.



- Designing appropriate training programs for Board members to enhance and update their knowledge and skills and ensure effective participation in the Board of Directors, and ensure compliance with any training or qualifying programs determined by the SCA or the Market.
- Familiarizing a newly appointed Board member with all the Company's departments and sections, and providing them with all the information required to ensure correct understanding of the Company's activities and works, and full realization of their responsibilities, all that enables them to perform their duties duly in accordance with the enforced legislations, all other regulatory requirements, and the Company's policies in its field of business.
- Setting procedures to prevent employees who have access to information from using the Company's confidential internal information to make tangible or intangible gains.
- Devising a mechanism for receiving shareholders' complaints and proposals including their proposals concerning particular issues in the general assembly's agenda in a manner that ensures studying such proposals and making the right decisions about them.
- Approval of the rules on which basis incentives, bonuses, and special privileges shall be granted to Board members and senior executive management in a manner that furthers the Company's interest and helps achieve its objectives.
- Setting the Company's policy of disclosure and transparency and follow up of implementation thereof in accordance with the requirements of the regulatory authorities and applicable legislations.
- Setting a clear policy for distribution of the Company's profits in a manner that furthers the interests of both the shareholders and Company, and it should be displayed to shareholders in the meeting of the general assembly and it should be mentioned in the Board of Directors' report.

### 3.2. Composition of the Board

NMDC Board of Directors comprises of the following members

Name	Designation	Membership Category	Year of Initial Appointment
Mr. Mohamed Thani Murshid Al Rumaithi	Chairman	Non-Executive	2007
Mr. Khalifa Mohamed Abdul Aziz Rubaya Al Muhairy	Vice Chairman	Non-Executive	2004
Mr. Abdul Ghaffar Abdul Khaleq Al Khouri	Member	Non-Executive	2007
Mr. Mohamed Ahmed Al Qamzi	Member	Independent	2013
Mr. Rubaya Mohamed Abdul Aziz Rubaya Al Muhairy	Member	Non-Executive	2007
Mr. Mohamed Rashed Mubarak Al Kitbi	Member	Non-Executive	2010
Mr. Dagher Darwish Al Marar	Member	Non-Executive	2016
Dr. Mohamed Rashid Ahmed Khalaf Al Hamli	Member	Independent	2019
Mr. Majed Ahmed Al Kurbi	Member	Independent	2019

All of the above Directors are considered as non-executive and/or independent, according to the definitions used in the Corporate Governance Guide. In particular, the Guide states that a Director is non-executive if they are not employed by the Company, or who do not receive a monthly or annual salary from the Company. All of the Directors satisfy this definition and are thus considered as non-executive Directors.



The Corporate Governance Guide highlights that a board member shall lose his/ her independency in the following cases:

- If a Board member or any of his/her second-degree relatives work or worked at the senior executive management of the Company or its subsidiary company during the two years preceding his/her nomination for Board membership.
- If a Board member or any of his/her first-degree relatives has a direct or indirect interest in the contracts and projects of the Company or its subsidiary companies during the last two years and the total of such transactions exceeds (5%) of the company's paid-up capital or the amount of AED 5 million or its equivalent amount in a foreign currency, the lesser of the two, unless such relationship is part of the nature of the Company's business and involves no preferential conditions.
- If a Board member works or worked for the Company or its subsidiaries during the last two years preceding the date of his appointment to the Board.
- If a Board member works for or is a partner in a company that performs consulting works for the Company or any of its subsidiary companies, sister companies, affiliate companies or any parties related thereto during last two years.
- If a Board member has entered into personal services contracts with the Company or any of its subsidiary companies, sister companies, or affiliate companies during last two years.
- If a Board member is directly engaged in a non-profit organization that receives sizeable finances from the Company or a party related thereto.
- If a Board member or any of his/her relatives is a partner or employee of the Company's auditor, or if he/she was a partner or employee of the Company's auditor or auditing office during the two years preceding his/her occupying a seat in the Board of Directors.
- If a Board member and/or any of his/her underage children own (10%) or more of the Company's capital.
- If a Board member is selected for a fourth consecutive term.

Independence of a Board member shall not be affected for the reason of only being an employee of the parent company or any of its subsidiary companies in case any of such companies is owned by the government or in case at least (75%) of the parent or subsidiary companies is owned by the government.

Four of the Board has lost its independence due to condition laid down in Corporate Governance Guide regarding selection for a fourth consecutive terms. However the Company is committed to rectify the same in the next Annual General Assembly of the shareholders.

### 3.3. Representation of Female Members in the Board of Directors

The Company's Board was re-constituted during 2019 for which the Company sent out advertisements in line with applicable law and regulations seeking nominations for the Board from eligible members. The Nomination and Remunerations Committee of the Board reviewed the nominations received as per the Company's Articles of Association and applicable regulations; however, no female member nomination was received. Therefore, there is no female representation in the current Board of Directors.

### 3.4. Director's Qualification and Experience

The current NMDC Board of Directors' qualifications and experience are as follows:



Name	Qualification	Exp.	Membership in Other Joint Stock Companies	Other Memberships
Mr. Mohamed Thani Murshid Al Rumaithi	Businessman	20+ Years	1. Board Member of First Abu Dhabi Bank	1. President of Federation of UAE Chambers of Commerce & Industry 2. Chairman of Abu Dhabi Chamber of Commerce & Industry 3. Chairman of Thani Murshed Uniliver
Mr. Khalifa Mohamed Abdul Aziz Rubaya Al Muhairy	Bachelor Degree in Accounting & Business Management	20+ Years	1. Chairman of Al-Khazna Insurance Company	1. Vice Chairman of Al-Rubaya Group 2. Chairman of Abu Dhabi Holding
Mr. Mohamed Ahmed Al Qamzi	Bachelor of Science in Management, EMBA, PLD	20+ Years	-	1. Advisor, HH Managing Director Office at Abu Dhabi Investment Authority 2. Board Member of Khalidiya Co-operative Society 3. Member of National Consultative Council
Mr. Abdul Ghaffar Abdul Khaleq Al Khouri	Businessman	20+ Years	-	1. CEO of Abdul Khaleq Al Khouri & Sons Company. 2. Managing Director of Milipol International Company.
Mr. Mohamed Rashed Mubarak Al Kitbi	Businessman	20+ Years	-	-
Mr. Rubaya Mohamed Abdul Aziz Rubaya Al Muhairy	Businessman	15+ Years	-	1. Managing Director of Electromechanical Company. 2. Board Member of Al-Rubaya Group
Mr. Dagher Darwish Al Marar	Master of International Relations - University of Queensland	20+ Years	-	1. Head of Strategy and Business Development at Abu Dhabi National Oil Company.
Dr. Mohamed Rashid Ahmed Khalaf Al Hamli	PHD	24+ Years	-	1. Secretary General of Abu Dhabi Executive Council 2. Chairman of Emirates Steel Company
Mr. Majed Ahmed Al Kurbi	Bachelor Degree in Mechanical Engineering	10+ Years	-	-

### 3.5. Directors Remunerations

The Company's General Assembly determines remuneration of the Board of Directors on an annual basis. According to the Company's Articles of Association and the Corporate Governance Guide, the Director's remuneration cannot exceed 10% of net profits of the Company, after deducting depreciations and statutory reserve.

The Nomination and Remuneration Committee is also required to review, at least annually, the remuneration proposed to be paid to Directors, whether in their capacity as members of the Board or of the Board Committees, and make recommendations to the Board as considered appropriate.

In 2020, the Board of Directors were paid remuneration of AED 11 million in respect to financial year 2019. The Company has made a provision of AED 50 million towards Board remuneration and employee bonuses for 2020. Further, this report will be updated with the bonus amounts once decided.



Apart from above provision for bonuses, no other remuneration or allowances have been paid / proposed to be paid to Board members for attending the meetings of the Board or membership remuneration in the committees formed by the Board for year 2020.

### 3.6. Board of Directors Meeting

The Board of Directors held six (6) meetings during 2020 on the following dates:

Name	Meeting 1	Meeting 2	Meeting 3	Meeting 4	Meeting 5	Meeting 6
	09/2/2020	02/3/2020	19/8/2020	02/9/2020	08/11/2020	11/11/2020
Mr. Mohamed Thani Murshid Al Rumaithi	✓	✓	✓	✓	✓	✓
Mr. Khalifa Mohamed Abdul Aziz Rubaya Al Muhairy	Note 1	✓	✓	✓	✓	✓
Mr. Mohamed Ahmed Al Qamzi	✓	✓	✓	Note 1	✓	✓
Mr. Abdul Ghaffar Abdul Khaleq Al Khouri	✓	✓	✓	✓	✓	✓
Mr. Mohamed Rashed Mubarak Al Kitbi	✓	✓	✓	✓	✓	✓
Mr. Rubaya Mohamed Abdul Aziz Rubaya Al Muhairy	✓	✓	✓	✓	✓	✓
Mr. Dagher Darwish Al Marar	✓	✓	✓	✓	✓	✓
Dr. Mohamed Rashid Ahmed Al Hamli	✓	✓	✓	✓	✓	✓
Mr. Majed Ahmed Al-Karbi	✓	✓	✓	✓	✓	✓

✓ refers to attendance

x refers to absence

**Note 1:** This Board member did not attend the Board of Directors meeting but had signed a proxy to other Board member.

### 3.7. Board Secretary

The position of Board Secretary in 2020 was held by external consultant Allen and Overy, an international law firm which was appointed in 2012. Allen & Overy have over 5,500 people, 2,800 lawyers, over 550 partners and over 40 offices in 30 different countries. Their team advises both sponsors and investors – including private equity houses, government entities, financial institutions and corporate clients – on fund establishment and related issues, including Shari'a aspects of fund structures. They have significant experience of advising clients on commercial disputes and breach of contract claims and in particular those under the laws of the GCC. In addition, they have extensive experience in drafting laws, regulation, legislation and acting on arbitrations that include disputes across the Middle East, including in Saudi Arabia, the UAE, Iraq, Oman, Bahrain, Egypt and Jordan.

Statement of their duties during the year were the following:

- Preparing and sending invitations for Board of Directors meetings
- Distributing Board of Directors Meeting Agenda
- Taking minutes of meeting during Board of Directors meeting
- Providing legal advisory to the Board of Directors when needed



### 3.8. Duties and Competencies of the Board performed by Executive Management

Under the Articles of Association, and by virtue of various resolutions, the Board of Directors of the Company have delegated to the other committees of the Board, the CEO or other officers, the authority to transact business on behalf of the Company. To that end, the Board has delegated to the CEO authority to conduct the business of the Company within the UAE and abroad, and to carry out all acts reasonably necessary to fulfil the Company's objects with certain financial limits.

Details of the Special Power of Attorney as follows:

Name of Authorized Person	Duration of Authorization
Mr. Yasser Zaghloul	27 August 2019 to 26 August 2022

Specifically, the Special Power of Attorneys, which is signed by the Chairman of the Board, authorize the CEO (Mr. Yasser Zaghloul) to perform the following:

- Sign all correspondence of the Company before Governmental and Local Departments;
- Complete legal transactions on behalf of the Company in accordance with the Company's policies and procedures;
- Address, send and receive notices and warnings on behalf of the Company;
- Visit all Federal or Local Departments and establishments for completing and signing all the administrative, legal and judicial requirements of the Company's business;
- Sign all bids, tenders, supply contracts and projects contracts executed by the Company or on its behalf via subcontracting;
- Sign sale contracts for selling materials, vehicles, sea parts or metals that the Company wishes to dispose of and sell to third parties; and
- The right to authorise third parties to do all or some of the powers conferred upon him.

### 3.9. Dealing with Other Concerned Parties

During 2020, no transactions have been made with related parties.

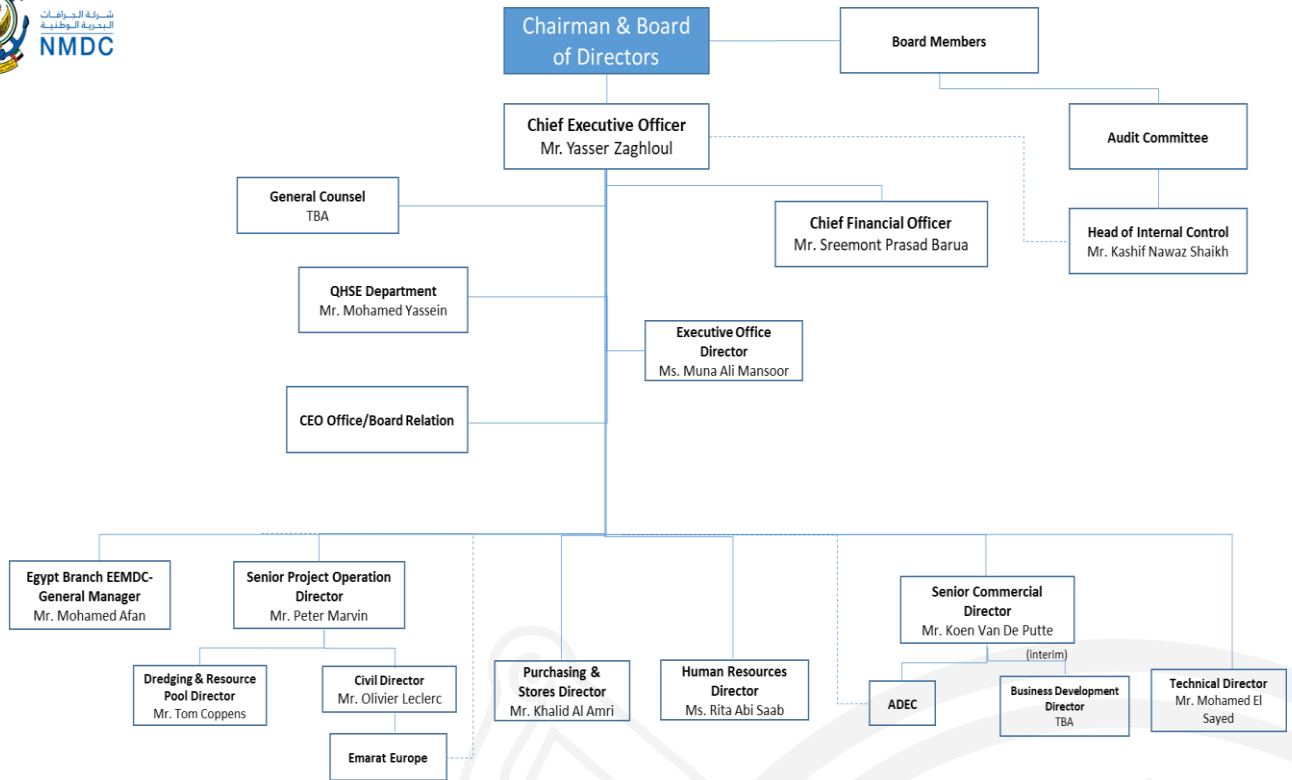




**3.10. Executive Management**

The CEO, supported by the Management team, is responsible for the day-to-day management of the Company's businesses.

The following illustrates Organization Structure of the Company.





The table below details the current Executive Management team at NMDC, along with their date of appointment, salaries, allowances and bonuses paid to them for the financial year 2020:

Position	Date of Appointment	Total Salaries and Allowances paid in 2020 (AED)	Total Bonuses for 2020 (AED)	Any other Cash/in-kind benefits for 2020
Chief Executive Officer	1-Jan-10	6,087,480	Note 1	-
Chief Financial Officer	18-Jun-18	1,205,645	Note 1	-
Senior Commercial Director	1-Jun-14	1,619,538	Note 1	-
Senior Operation Director	16-Dec-18	1,569,538	Note 1	-
Purchasing & Stores Director	19-May-16	993,181	Note 1	-
Civil Director	22-Aug-19	1,295,422	Note 1	-
Dredging and Performance Director	16-Jan-19	1,263,440	Note 1	-
Technical Director	1-Jan-19	1,003,309	Note 1	-
Human Resources Director	15-Jan-18	810,036	Note 1	-
Director - Executive Office	1-Mar-18	564,860	Note 1	-

**Note 1:** Till the date of this report the Board of Directors have not finalized bonus for the Executive Management of the Company for 2020. Further, this report will be updated with the bonus amounts once decided



## 4. EXTERNAL AUDITORS

### 4.1. Appointment of External Auditors

The Company's External Auditors appointed for the year 2020 are Ernst & Young (EY). EY is a US\$ 31.4 billion global professional services organization with over 247,570 employees in more than 150 countries. They are global leaders in providing assurance, tax, transaction and advisory services.

The Audit Committee, after consideration and evaluation recommended appointment of EY as the External Auditors for 2020. They were appointed as the Company's Auditor for the financial year 2020 by a shareholders' resolution at the Company's Annual General Meeting held on 21 June 2020.

### 4.2. External Auditors Independence

The Company adopts a policy on external auditors' independence by which the external auditor may not, while assuming the auditing of the Company's financial statements, perform any technical, administrative or consultation services or works in connection with its assumed duties that may affect its decisions and independence or any services or works that, in the discretion of SCA, may not be rendered by the external auditor.

The Company's policy includes measures to ensure the external auditors' independence, including the following:

- The Board nominates the external auditor, generally upon the recommendation of the Audit Committee;
- The appointment of the external auditor is made by a resolution of the Company's Annual General Meeting, for a period of one year renewable;
- The external auditor should be independent from the Company and its Board and may not be a partner, agent or a relative, even of the fourth degree, of any founder or director of the Company; and
- Review and approval by the Audit Committee for any proposed additional services from the external auditors.

Management obtains comfort on independence of the appointed external audit firm through direct inquiry to the firm on independence of the external audit engagement team. Such independence is also reiterated by the appointed auditors during their quarterly presentation to the Audit Committee/ Board.

### 4.3. External Auditors Fees

External auditor details for the year 2020 are mentioned below:

Name of Auditing Firm	Ernst & Young
Name of Audit Partner	Mr. Ahmed Al Dali
Number of years served as an external auditor for the Company	3 years
Total fees for auditing the financial statements of 2020	AED 672,200

During 2020, EY has provided other professional services including tax consultancy services amounting to AED 101,200.



#### 4.4. Services received from other External Audit Firms

Services received from other external audit firms in 2020 include:

Service Provider	Nature of Service	Value of Service (AED)
KPMG Lower Gulf Limited	Tax Advisory and Consultancy Services	2,975,733
Deloitte & Touche	Various Consultancy Services	747,066

#### 4.5. Qualified Opinion of External Auditors

The qualified opinions made by the external auditors EY in the financial statements for 2020 were as follows:

- Basis of Qualified Conclusion in Interim and Annual Financial Statements:

Trade and other receivables at 31 December 2020 include unbilled receivables relating to certain contracts with the Government of Abu Dhabi, its departments or its related parties. We were unable to obtain sufficient and appropriate evidence to support the recoverability of amounts totalling AED 455,049 thousand (verbal contracts) and AED 150,621 thousand (signed contracts) included in these balances, due to the absence of signed contracts and/or significant delays in the billing and collection. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

- Emphasis of matters in Interim and Annual Financial Statements:

As stated in note to the accompanying consolidated financial statements, unbilled receivables include an amount of AED 600,000 thousand recognized on the basis of claims submitted to a customer in prior periods. The final amount of the claims is still under negotiation and is subject to a review by a consultant, the finalization of which could have a significant impact on the amount of receivables recognized. Our opinion is not qualified in respect of this matter.



## 5. BOARD COMMITTEES

The following Board committees have been established by a resolution of the Board, and comprise of non-executive/ independent Board members:

Name of Board Committee	Members
Audit Committee (AC)	Mr. Mohamed Ahmed Al Qamzi (Chairman) Mr. Mohamed Rashed Mubarak Al Kitbi (Member) Mr. Abdul Ghaffar Abdul Khaleq Al Khouri (Member) Mr. Dagher Darwish Al Marar (Member)
Nomination & Remuneration Committee (N&RC)	Mr. Abdul Ghaffar Abdul Khaleq Al Khouri (Chairman) Mr. Mohamed Ahmed Al Qamzi (Member) Mr. Rubaya Mohamed Abdul Aziz Rubaya Al Muhairy (Member) Mr. Mohamed Rashed Mubarak Al Kitbi (Member)
Technical Committee (TC)	Mr. Dagher Darwish Al Marar (Chairman) Mr. Abdul Ghaffar Abdul Khaleq Al Khouri (Member) Mr. Majed Ahmed Omar Al Kurbi (Member)
Strategy Committee (SC)*	Mr. Mohamed Ahmed Al Qamzi (Chairman) Mr. Abdul Ghaffar Abdul Khaleq Al Khouri (Member) Mr. Dagher Darwish Al Marar (Member) Mr. Majed Omar Al Kurbi (Member)

\* The Committee was reconstituted on 9<sup>th</sup> February 2020 during Board of Directors meeting no.1 of 2020.

The Company has adopted formal Charters for each of these Board committees, which details the composition, duties, and responsibilities of each committee, amongst other things. These Charters are also compliant with requirements of the Corporate Governance Guide.

The following conditions govern relationship between the Board and its committees as per the Company's Corporate Governance Manual:

- **Reporting to the Board:** Each committee will report regularly to the Board about their activities and the exercise of their powers. This includes updating the Board at each Board meeting of all decisions and resolutions passed by the committees since the last Board meeting;
- **Annual Evaluation:** Each committee will evaluate its workings under its relevant Charters on an annual basis, with a view of improving workings of the relevant committee or its relationship with the Board; and
- **Board Follow-up:** The Board will follow up the operations of the committees to ensure that they are adhering to their Charters.

### 5.1. Audit Committee

Mr. Mohamed Ahmed Al Qamzi, Audit Committee Chairman, acknowledges his responsibility for the Committee system in the Company, review of its work mechanism and ensuring its effectiveness.

The role of the Committee is to review the Company's financial and accounting policies and procedures, monitor integrity of the Company's reports and financial information, implement policy for selection of Company auditor and provide recommendation to the Board, review and assess internal control and risk



management systems, set up rules to enable confidentially reporting of violations, and ensure implementation of code of conduct.

The duties and responsibilities of the Audit Committee are specified in the approved Audit Committee Charter. In particular, the Audit Committee has following key duties and responsibilities:

- Overseeing integrity of and reviewing the Company's financial statements including quarterly and annual reports;
- Developing and applying the policy for selection of external auditors, and following up and overseeing qualifications, independence and performance of the external auditor;
- Overseeing qualifications, independence and performance of the Company's internal audit staff, and approving the annual audit plan prepared by internal auditors;
- Reviewing the external and internal auditors' management letters, reports and recommendations, and management responses, and overseeing implementation of action plans recommended;
- Reviewing the Company's financial control, internal control and risk management systems;
- Overseeing scope of the Company's compliance with its Code of Conduct and its various legal and regulatory obligations; and
- Review or investigate any allegations of fraud or theft, which are brought to the Audit Committee's attention, which are made by or against employees or directors, and make appropriate recommendations to the Board.

The Audit Committee held eight (8) meetings during the year 2020 to discharge the duties as entrusted to them by the Board and the Corporate Governance Guide. Following are the details of meetings held during 2020:

Name	Meeting 1	Meeting 2	Meeting 3	Meeting 4	Meeting 5	Meeting 6	Meeting 7	Meeting 8
	19/1/20	09/2/20	22/3/20	06/5/20	03/6/20	05/8/20	19/8/20	08/11/20
Mr. Mohamed Ahmed Al Qamzi (Chairman)	✓	✓	✓	✓	✓	✓	✓	✓
Mr. Mohamed Rashed Mubarak Al Kitbi	<b>Note1</b>	✓	✓	✓	✓	✓	✓	✓
Mr. Abdul Gaffar Abdul Khaleq Al Khouri	✓	✓	✓	✓	✓	✓	✓	✓
Mr. Dagher Darwish Al Marar	✓	✓	✓	✓	✓	✓	✓	✓

✓ refers to attendance

× refers to absence

**Note 1:** This Audit Committee member did not attend the meeting but had signed a proxy to another Audit Committee member.

The Audit Committee has submitted its Annual Report to the Board, on the activities that were carried out by them during the year 2020 to discharge the responsibilities entrusted to the Audit Committee.



## 5.2. Nomination & Remuneration Committee

Mr. Abdul Gaffar Abdul Khaleq Al Khouri, Nomination & Remuneration Committee Chairman, acknowledges his responsibility for the Committee system in the Company, review of its work mechanism and ensuring its effectiveness.

The role of the Committee is to set up policy and its regulation regarding nomination for the Board and executive management membership, the basis on which bonuses, privileges, incentives, and salaries shall be granted to the Board members and employees, and other related human resources policy.

The duties and responsibilities of the Nomination and Remuneration Committee according to its approved Charter are consistent with the governance rules set forth in the Corporate Governance Guide. In particular, the Nomination and Remuneration Committee has the following key duties and responsibilities:

- Organizing and following up the Board nomination procedures in line with requirements of applicable laws and regulations and the SCA Corporate Governance Guide, in addition to determining the Company's needs for qualified staff at the level of Senior Management and the basis for their selection;
- Verifying the continued independence of independent Board members;
- Reviewing and approving, in consultation with the Chairman of the Board and/or the Chief Executive Officer, the terms and conditions of the service contracts of Executive Directors and Senior Management employees;
- Reviewing at least annually, remuneration (comprising of basic salary, other allowances, and any performance-related element of salary or bonus) of the Company's employees, including the Senior Management team, and remuneration proposed to be paid to the Board Directors; and
- Preparing a succession plan for the Board and its committees, the Chief Executive Officer, and key members of Management.

The Nomination and Remuneration Committee meets as often as required. In year 2020, the Nomination and Remuneration Committee held two (2) meetings, as detailed below:

Name	Meeting 1	Meeting 2
	02/3/2020	19/5/2020
Mr. Abdul Ghaffar Abdul Khaleq Al Khouri (Chairman)	✓	✓
Mr. Mohamed Ahmed Al Qamzi	✓	✓
Mr. Mohamed Rashed Mubarak Al Kitbi	✓	✓
Mr. Rubaya Mohamed Abdul Aziz Rubaya Al Muhairy	×	✓

✓ refers to attendance

× refers to absence

## 5.3. Technical Committee

Mr. Dagher Darwish Al Marar, Technical Committee Chairman, acknowledges his responsibility for the Committee system in the Company, review of its work mechanism and ensuring its effectiveness.

The duties and responsibilities of the Technical Committee according to its approved Charter are consistent with the governance rules set forth in the Corporate Governance Guide. In particular, the Technical Committee has the following key duties and responsibilities:



- Evaluate and endorse recommendations submitted by the executive management and refer them to the Board for final approval, in regards to the following:
  - Acquisition of fleet and related purchase agreements, including new dredgers building.
  - Disposal of fleet and related disposal agreements.
- Provide oversight on management of fleet owned by the Company.
- Any other matters determined by the Board.

The Technical Committee did not meet during 2020.

#### 5.4. Strategy Committee

Mr. Mohamed Ahmed Al Qamzi, Strategy Committee Chairman, acknowledges his responsibility for the Committee system in the Company, review of its work mechanism and ensuring its effectiveness.

The duties and responsibilities of the Strategy Committee according to its approved Charter are consistent with the governance rules set forth in the Corporate Governance Guide. In particular, the Strategy Committee has the following key duties and responsibilities:

- Review and evaluate the recommendations submitted by the executive management with regard to business strategy, budgets and annual plan.
- Work with the executive management to make recommendations to the Board on the business strategy and long term strategic objectives of the Company, including all subsidiaries and associates.
- Review and evaluate large scale capital investments and operational expenditure.
- Review and evaluate the Company's operational plans in support of the Company's strategic plan and refer them to the Board for final approval, including:
  - Expansion Strategy, including opening of new subsidiaries, branches and joint ventures
  - Acquisition Strategy
  - Opportunities for potential acquisitions
- Review and evaluate major unbudgeted expenditure, including those relating to contractual arrangements with consultants and advisors.

Review and assess responses to external developments and factors, such as changes in the economy, industry trends, competition and technology, which may impact the Company's strategic plan.

The Strategy Committee meets as often as required. In year 2020, the Strategy Committee held two (2) meetings, as detailed below:

Name	Meeting 1	Meeting 2
	02/3/2020	03/6/2020
Mr. Mohamed Ahmed Al Qamzi (Chairman)	✓	✓
Mr. Abdul Ghaffar Abdul Khaleq Al Khouri (Member)	✓	✓
Mr. Dagher Darwish Al Marar (Member)	✓	✓
Mr. Majed Ahmed Omar Al-Karbi (Member)	✓	✓

✓ refers to attendance

✗ refers to absence





## 6. INTERNAL CONTROL SYSTEM

### 6.1. System of Internal Control at NMDC

The Board of Directors acknowledges its responsibility for the Company internal control system, review of its work mechanism and ensuring effectiveness. Further, the Internal Control department issued 16 reports to the Board of Directors in 2020. In relation to major problems occurred during 2020, the Company did not encountered any major problems during 2020.

The Company's internal control system is established to ensure that the Board and Management are able to achieve their business objectives in a prudent manner, safeguarding interests of the Company's shareholders and other stakeholders, whilst at the same time minimizing key risks such as fraud, unauthorized business activity, misleading financial statements, un-informed risk-taking, or breach of legal or contractual obligations, and also ensuring highest quality achieved in a safe and sustainable environment.

As per the approved Corporate Governance Manual, the Board is responsible for ensuring that the Company applies a precise internal control system that covers the following key functions being managed by respective heads as detailed hereunder:

Department	Head of Department & Designation	Date of Appointment	Qualification	Experience
Internal Control (Internal Audit & Ethics and Compliance)	Mr. Kashif Nawaz Shaikh (Head of Internal Control and Ethics & Compliance Officer)	1-Feb-19	- Chartered Certified Accountant - Certified Internal Auditor - Cost and Management Accountant	Over 15 years of professional experience in the fields of Internal Audit, Statutory Audit, Risk Management, Corporate Governance and Business Process reviews.
Quality, Health Safety and Environment (Including Risk Management)	Mr. Mohamed Yassein Mohamed (QHSE Manager)	25-Aug-16	-BS. Civil Engineering -Construction Management Diploma -MBA -ISO 9001:2015 Certified Lead Auditor - Nebosh International Certificate	Over 26 years of experience in Quality, HSE and Constructions.

Management is responsible for ensuring that adequate internal controls (both financial and operational) are in place and applied to safeguard and manage the assets of the Company, in an effective and efficient manner.

### 6.2. Independent Assessment of Internal Control System

Internal control is designed to mitigate, not eliminate, significant risks faced. It is recognized that such a system provides reasonable, but not absolute, assurance against material error, omission, misstatement or



loss. This is achieved within the Company through a combination of risk identification, evaluation and monitoring processes, appropriate decision and oversight forums, assurance and control functions such as External Audit, Internal Audit, Ethics & Compliance, Quality, Health, Safety and Environment function. These ongoing processes, which comply with leading practices and the Corporate Governance Guide, were in place throughout the year under review and up to the date of approval of the annual report and financial statements.

During the year 2020, the Company was subject to the following independent assessments of its internal control system:

- Annual external audit and interim reviews of NMDC consolidated financial statements through EY, a professional services firm. The external audit work covers assessment of internal controls over financial reporting, although the same does not entail expressing an opinion on the effectiveness of the Company's internal control.
- Process reviews of NMDC business processes and functions through the Internal Audit Function, according to an Internal Audit Plan approved by the Audit Committee. The scope of internal audit for the year 2020 covered both core and support processes at NMDC, and were prioritized in accordance with Risk Analysis Methodology.

The internal audit procedures are designed on the assumption that the responsibility for a sound system of internal controls rests with Management, and work performed by internal audit might not lead to identifying all strengths and weaknesses that may exist, but so that any material irregularity has a reasonable probability of discovery. The internal audit procedures also focus on areas identified by Management as being of greatest risk and significance, and the internal audit plan therein is subject to approval of the Audit Committee.

The internal audit function reports directly to the Audit Committee. Internal audit reports on any control recommendations, to Senior Management and the Audit Committee. The internal audit function considers and includes focus areas for audit in the annual audit plan. Material incidents and losses and significant breaches of systems and controls are reported to the Audit Committee.

External audit function discusses their management letter with the Audit Committee, highlighting control deficiencies, if any. Appropriate processes, including review by the audit function, ensure that timely corrective action is taken on matters raised by external audit. Action plan is obtained from the Management to remediate gaps and improve internal controls to avoid similar instances in the future. Internal audit regularly follows up on implementation of action plan and reports to the Audit Committee if not implemented by the due date.

Internal financial controls are based on established policies and procedures. Management is responsible for implementing internal financial controls, ensuring that personnel are suitably qualified, that appropriate segregation exists between duties, and that there is suitable independent review. These areas are monitored by the Board through the Audit Committee, and are independently assessed by the internal audit and the compliance functions. Processes are in place to monitor internal control effectiveness, identify and report material breakdowns, and ensure that timely and appropriate corrective action is taken. NMDC finance coordinate, review and comment on the monthly financial and regulatory reports, and facilitate the interim and annual financial reporting process, including the independent audit process.

All internal control weaknesses noted during the year were discussed with Management and Audit Committee with proposed corrective actions. Material internal control deficiencies noted and discussed during the year were in relation to delays in finalizing project contracts, problems in setting up of overseas



branches, high inventory, adequacy of insurance policy, reducing margins and/or losses from projects and its impact on the profitability of the organization, and security and backup of various IT applications.

### 6.3. Risk Management

Living in a world of uncertainties, increasing stakeholder mandates, and focus on project performance with no waste or error, has increased the need to better understand and implement risk management. Our aim to be better and to grow, triggers a 'risk and opportunity' based thinking at every level within the organization.

This focus starts with management's forward-thinking approach, and cascades to support departments identifying, monitoring and mitigating risks in their own sphere of work on a continuous basis. At projects, assessment of risks and opportunities starts at the initial phase, and is continuously monitored and managed during execution.

### 6.4. Ethics and Compliance

Ethics and Compliance Function is part of Internal Control Department. The role of the Ethics and Compliance Officer is to investigate and address any suspected wrongdoings as identified from the whistle blowing system, and to verify compliance by the Company and its officers and employees with the applicable legal and regulatory requirements (including the resolutions issued by SCA and ADX), the Company's internal policies and procedures, and commitments made to third parties (including the Company's lenders and counterparties).

The Company, in 2014, has developed and implemented policies and procedures on Fraud Control, Whistle Blowing and Investigation. These policies have been formulated to provide employees an opportunity to report in good faith in case they observe any unethical or improper practices in the Company. Responsibility for overseeing and implementing the policy has been delegated to the Ethics and Compliance Manager. The Company's management also has specific responsibility for facilitating operation of the policy. Communication sessions are held to spread awareness on fraud control and whistle blowing system to the employees of the Company. Incidents reported during the year through the whistle blowing system were adequately investigated and appropriately resolved. HR function of the organization has also included such awareness in the new employee induction program.

### 6.5. Quality, Health, Safety and Environment

NMDC management strives for excellence in all we do and recognizes the impact that our activities may have on people and the environment. Furthermore, the value added to our clients, Product and performance Quality.

The Safety, health and protection of the environment are the prime concerns of our operation. Therefore, one of the main focuses is to give care of our manpower resources;

More attention is directed to the continuous education and training of staff, and implementation of certified quality, safety and environmental management systems.

QHSE target certain initiatives every year to achieve our objectives by protecting workplace hazards, welfare of personnel, and level of accommodation facilities, environmental reporting, implementing audits Plans for quality and managing stakeholders.



QHSE monitors compliance and identifies opportunities to further improve our performance by conducting regular internal audits, inspections, drills, and management reviews. For all subsidiaries, external certification bodies have asserted that the implementation complies with the most recent applicable international (ISO) quality, safety and environmental standards.

During 2020, the following milestones were achieved as planned:

- NMDC has passed the surveillance audit for ISO 45001 and 9001
- NMDC has successfully sustained an implemented management system onboard applicable marine units as well as being qualified as a MLC manning/staffing agency.
- Our recognized efforts and commitment to safety resulted in 2nd Neeshan award for “BEST HSE PERFORMANCE FORM –CONSTRUCTION- PROJECT” from Abu Dhabi Ports.
- Hail and Ghasha Project passed two share holder HSE audits by “ADNOC, ENI, OMV and Wintershall” with a recognized HSE assurance score of 79% and 82%
- NMDC has continued two-year plan to elevate Safety & quality awareness among all employees.

Clients' expectations and NMDC strategy obliges continuous monitoring and improvements in order to meet our targets and then exceed them. This is reflected in our KPIs, and focus on gaps identified during performance measurement and internal audits



### 7. COMPANY'S CONTRIBUTION

#### 7.1. Corporate Social Responsibility Initiatives

NMDC recognizes that its activities could, without careful management, have a potential impact on the marine environment. This fact directed NMDC to develop Corporate Social Responsibility (hereafter referred as "CSR") strategy, to address environment and social challenges and meet its stakeholders' expectations. The CSR strategy aligns with NMDC Mission "Environment, People, Value, and Profit", and emphasizes its strategic objective of performing activities directed "for the good of the community". NMDC CSR strategy is adapted regularly to suit the changes to its business environment and its stakeholder expectations. In addition, the QHSE policy also pursues commitment to protect people and property, prevent pollution, protect the environment, conserve power and focus on reducing adverse environmental impacts of our activities and operations. Emphasis is also given to comply with specific customer requirements, applicable laws, regulations, standards and relevant best practices.

NMDC identifies and selects CSR initiatives that link to its CSR policies and strategies, and add value to four quadrants as follows:

- Donations: NMDC encourages initiatives that enhance its participation in community life.
- Internal NMDC Customers: NMDC encourages initiatives that provide good and safe working conditions enhance work-life balance and increase employees' involvement.
- Business partners and authorities: NMDC contributes with business partners and authorities in delivering Abu Dhabi Urban Planning and Economic Vision 2030, encourages the long-term partnership strategy with vendors and sharing its lessons learned and knowledge with CEDA and IMCA members.
- HSE and Marine: NMDC encourages initiatives that results in minimizing adverse environmental impacts and achieving high environmental performance.

During 2020, aligned with the CSR mandate, NMDC also undertook the following initiatives:

- The Hail and Ghasha project is in full collaboration with Environmental Agency Abu Dhabi (hereafter referred as "EAD") and client (ADNOC) supervision wherein the project has sponsored the EAD "E-learning portal" for several projects, along with the "Electronic Ecological Brochure"
- Bird nesting poles were distributed in several parts of the emirate of Abu Dhabi
- Environmental awareness signboards were installed in liaison with Abu Dhabi Municipality and Abu Dhabi Ports in ports, Abu Dhabi Corniche and other locations.

#### 7.2. Contribution to Local Community Development

NMDC appoints independent third party specialist to conduct society surveys, to evaluate the performance of CSR, and determine the actions required to improve its management of CSR policies, strategies and initiatives.

During 2020, the main activities / sponsors that were undertaken are as follows:

- A contribution from NMDC to MAAN Authority for Social Contribution, during the pandemic supporting the growth of society by developing and finding innovative solutions to meet social challenges, and to spread the culture of giving and participation in civil society.
- Blood donation



- Emirates Association of Visually Impaired sponsorship
- Khorfakan Club for the Disabled
- Cancer Awareness campaign
- Over the past years the Company has concentrated towards internal employees for donations needed for specialized schools and/or hospitals, to help the families of children with disability.
- Assigned 20 fresh graduate engineers from various disciplines in Hail and Ghasha project to develop their technical skills and knowledge and prepare them for future challenges.

### 7.3. Contribution to Environment Protection

#### • Environmental Management

Supervision and monitoring of environmental aspects at all NMDC projects and activities in Abu Dhabi, mainly at Musaffah Base, Jubail, Khalifa Port, Hudariyat, Mugharra, Sila, Hail & Ghasha fields and Emarat Europe; in addition to across borders for projects in Egypt.

Leading a challenging interaction within critical environmental area by continuing to execute Hail and Ghasha project inside MMPA (Murawah Marine Protected Area) as well as construction activities on Butinah Island. The project is being closely monitored by EAD and other international environmental agencies due to the global importance of the area.

#### • Compliance to Environmental Legal requirements

Ensured compliance with applicable local and federal legal requirements, which led to successfully obtaining the necessary Environmental Permits (NOC's) for NMDC projects, such as Khalifa Port Project, Mugharra, Sila, Jubail, Hail and Ghasha projects.

Updated NMDC's Environmental Management System to satisfy the requirements of ISO 14001:2015, resulting in successfully obtaining the certification.

#### • Environmental Studies

Assignment of EAD approved third party consultants for execution of environmental studies for several projects, whenever required, which have been later reviewed, assessed, and approved by relevant authorities (EAD and/or Client).

#### • Control Plans

Preparation and implementation of Construction Environmental Management Plan (CEMP) in line with third party environmental studies and / or applicable legal requirements for all NMDC projects. Company also prepared and implemented Mangrove Planting Management Plan (MPMP) for Jubail project, and waste reduction plan for Mussafah base and Emarat Europe factory.

#### • Inspections and Audits

With total number of environmental inspections approaching 950 inspections during 2020, we were able to cover all ongoing NMDC Projects.

#### • Monitoring of Performance

Implementation of monitoring programs for specific environmental indicators such as water, air, noise, waste, effluents, soil, etc. in line with project's environmental requirements and NMDC Environmental Management System requirements (applicable on projects, offices and vessels).



Monitoring were conducted by using Company owned equipment such as, in-situ water quality sensors, noise meter, dust meter, illumination meter and GPS; or through external laboratories for soil, sediments effluent and air quality testing.

- **Inductions & Awareness**

Conducting inductions and training at project sites on relevant environmental topics, particularly those of direct impact on employees' day-to-day work, as required by projects such as non-hazardous / hazardous waste management, marine mammals and reptiles' observation & identification, spill prevention and control, chemicals handling and storage, and environmental aspects of dredging.





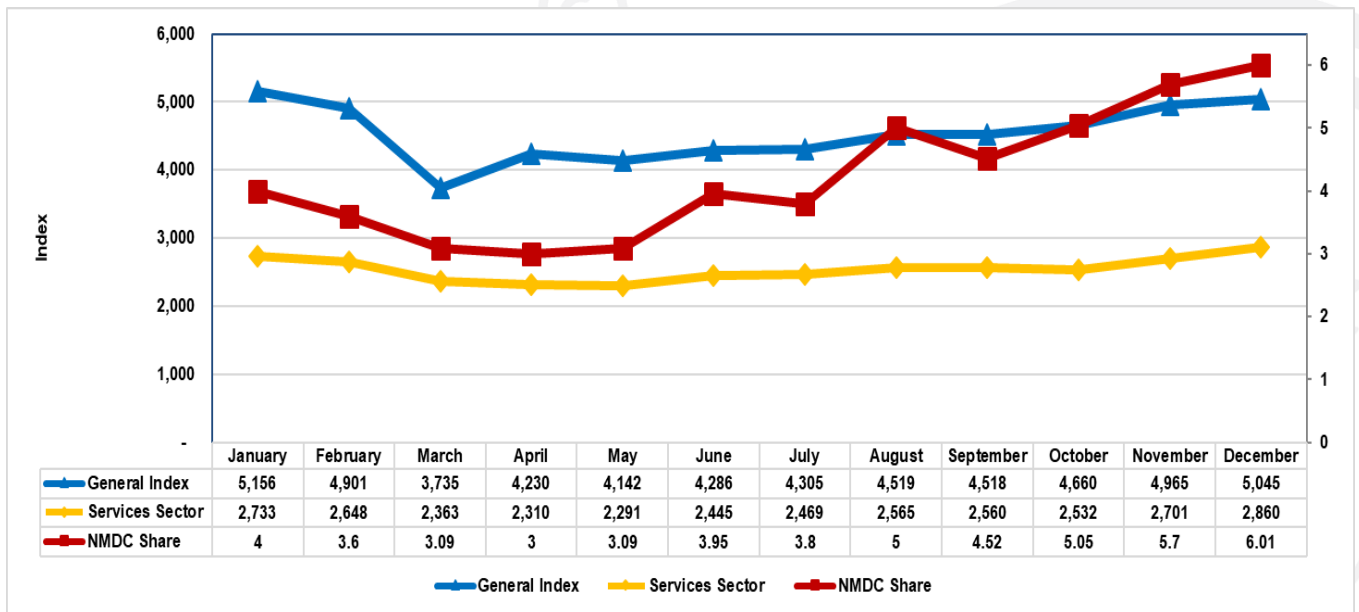
## 8. GENERAL INFORMATION

### 8.1. Monthly Price of the Company's share as compared to General and Sector Index

Statement of company's share price in the market (closing price, highest price and lowest price), General Market Index and Sector Index at the end of each month during 2020 were as follows:

Month	Highest price	Lowest price	Closing price	Services Sector Index	General Index
January	4.000	3.440	4.000	2,732.67	5,156.18
February	4.600	3.600	3.600	2,648.07	4,901.42
March	3.400	3.090	3.090	2,363.47	3,734.68
April	3.000	2.900	3.000	2,309.54	4,230.37
May	3.090	3.000	3.090	2,290.91	4,141.61
June	3.950	3.000	3.950	2,445.23	4,285.79
July	3.900	3.800	3.800	2,468.55	4,304.73
August	6.250	4.160	5.000	2,564.94	4,519.32
September	5.300	4.490	4.520	2,560.49	4,518.06
October	5.490	4.490	5.050	2,532.36	4,660.04
November	5.900	5.010	5.700	2,700.64	4,964.93
December	6.500	5.520	6.010	2,859.53	5,045.31

### 8.2. Chart of the comparative performance of the Company share with General Index and Company's Sector Index







**8.3. Breakdown of Ownership of NMDC Shares by Nationality and by Category as at 31 December 2020**

Shareholder Category	Individual Shares	Companies Shares	Total Shares
Locals	80,501,855	169,419,326	249,921,181
GCC	4,366	53,093	57,459
Arabs (Other than GCC)	8,606	0	8,606
Foreigners	12,754	0	12,754
<b>Total</b>	<b>80,527,581</b>	<b>169,472,419</b>	<b>250,000,000</b>
<b>Percentage</b>	<b>32.21%</b>	<b>67.79%</b>	<b>100%</b>

**8.4. Statement of the Company's Shareholders who own 5% or more of the Company's Capital as at 31 December 2020**

Shareholder	Number of Shares	Percentage (%)
Abu Dhabi Development Holding Company (ADQ)	79,999,999	32.00%
Tasameem Real Estate LLC	27,848,502	11.14%
Abu Dhabi United Group For Development and Investment	22,151,498	8.86%
Petroleum Engineering & Construction Est (Pecon)	16,584,532	6.63%

**8.5. Breakdown of Ownership of Company Shareholders as at 31 December 2020**

Sr. No	Share(s) Owned	Number of Shareholders	Number of shares owned	The percentage (%) of shares owned
1	Less than 50,000	3,267	12,675,196	5.07%
2	50,000 to less than 500,000	158	24,792,134	9.92%
3	500,000 to less than 5,000,000	24	27,966,191	11.19%
4	More than 5,000,000	9	184,566,479	73.83%
Total		3,458	250,000,000	100 %

**8.6. Statement of significant events encountered by the Company during 2020**

- In 2020, the Company's shareholders accepted an offer to acquire 100% of the shares of National Petroleum Construction Company (NPCC), a major international EPC contracting entity in Abu Dhabi, in exchange for shares in the Group to be issued to the sellers. This transaction was concluded subsequent to the year end, on 11 February 2021, and has led to the creation of one of the largest EPC contracting entities in the Middle East.
- In order to continue building the infrastructure to support the Company's growth, we have invested a total of AED 305 million (2019: AED 498 million) in fixed assets during the year, most of which relate to investments in fleet, including a new Trailing Suction Hooper Dredger and a Backhoe Dredger that were



deployed into operations during the third quarter of 2020, in addition to dry-docking of existing fleet vessels.

- In 2020, NMDC was awarded the Khalifa Port – Etihad Rail Marine Works and Saadiyat Lagoons enabling works projects in the U.A.E, and Al Manzalah Lake Extension and Alexandria QW-55 reclamation works projects in Egypt.

### 8.7. Investor Relation Officer

Mr. Khaled Al-Shalati is the Company's Investor Relation Officer. Furthermore, the Company website i.e. [www.nmdc.com](http://www.nmdc.com), has a dedicated page for investor relations, which includes Company's Articles of Association, candidates for Board of Directors, Company's address, and Investor Relation Officer contact information.

#### Contact Information of Investor Relation Officer

Email: [ir@nmdc.ae](mailto:ir@nmdc.ae)

Office No.: 02 – 513 0242

Mobile No. 050-4111846

### 8.8. Emiratization in 2020

The Emiratization percentage in NMDC as of 31 December 2020 was 7% for white collar employees. Refer to table below for Emiratization percentage in 2018 and 2019.

Year	Emiratization Percentage
2018	10%
2019	8%

### 8.9. Innovative projects and initiatives in 2020

- **Stepping-stones Breakwater:** In 2020 NMDC has constructed a new type of semi-submerged breakwater with multiple staggered humps (first breakwater of this type), which was developed to protect artificial islands surrounded by sandy beaches, while assuring good water circulation at the same time.
- **Artificial Reef Domes:** In 2020, a total of 40 artificial reef domes were installed in appointed areas approved by the Environmental Agency – Abu Dhabi as part of environmental initiative of contractor. Further 29 more artificial reef domes are waiting approval from the Environmental Agency which will be installed in early 2021.
- **Environmental Signboards:** The fabrication and installation of environmental signboards have been initiated by the Company, in which they are targeted towards detailing certain aspects of the environment, including various key species (flora and fauna) and sensitive habitats. In addition, another objective of these signboards (certain templates) is targeted towards increasing awareness on Sustainable Fishing Practices and Reduction of Plastic Debris. The environmental signboards will be installed across all marine areas in Abu Dhabi, such as Corniche Abu Dhabi, Saadiyat Island and Jubail Island.



**8.10. Details of violations during 2020**

There were no violations reported during 2020.

**Board of Directors  
Chairman**

Date: ...../...../2021

**Audit Committee  
Chairman**

Date: 7.3/...../2021

**Nomination &  
Remuneration Chairman**

Date: 7.3/...../2021

**Head of Internal  
Control  
Department**

Date: 07.03/...../2021